

Home health: assessing payment adequacy and updating payments

ISSUE: Are payments for home health services adequate to cover the costs of efficient providers? How should payments be updated in 2005?

KEY POINTS: Access for most is good. Most beneficiaries live in an area served by a home health agency and they report little or no problem in obtaining care. Most beneficiaries have a choice of two or more providers in their community.

The supply of agencies has risen slightly. The composition of the sector—the mix of hospital-based and freestanding agencies, the mix of voluntary, private, and government agencies—has remained stable for the past four years.

Over the past two years, the volume of home health services has remained low while the rapid rate of change in service volume of the years preceding the PPS (1997 to 2000) has slowed. The current therapy-heavy mix of services and short lengths of stay suggest that the current home health product is different from the 1997 to 2000 product.

Over the coming year input prices will rise, but the effects of product change and growing productivity will offset the impact of prices on costs. Part of these changes will be driven by increasing computerization in the home and new therapies for wounds.

ACTION: At this time, we seek Commissioners' input on our work to date and a draft recommendation that will be presented at the meeting.

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